

Statement of Connecticut Innovations Regarding Raised Bill 883 An Act Establishing Tax Credits for Angel Investors

Connecticut Innovations (CI) supports Raised Bill 883 An Act Establishing Tax Credits for Angel Investors. The bill creates a tax credit for angel investors who invest in qualified Connecticut businesses. This is a very important bill that will do much to promote the emerging technology sector in Connecticut.

Early stage companies in Connecticut have higher barriers in obtaining capital, labor and professional services than companies in communities that are more receptive to entrepreneurial ventures. This bill will help to address the availability of capital to entrepreneurs. It will provide angels with a small incentive to invest here in Connecticut rather than New York or Boston. It will also signal to entrepreneurs that Connecticut is serious about attracting them and keeping them here.

Why is Raised Bill 883 important?

- This bill will stimulate angel investing in Connecticut. Connecticut currently has only 2 angel investor group as compared to over 30 in Boston and 12 in New York. Connecticut needs to do more to attract private investment to the state. This bill will help us ensure that private capital in Connecticut goes to work in Connecticut. Right now it is being invested elsewhere.
 - CT has hundreds of early stage companies looking for capital. Typically, if they find capital elsewhere, they will move to be closer to their investors.
- Angel investors provide more than capital. They become closely involved with their investments helping to ensure the success of each company they invest in.
 - The involvement of angels will bring needed expertise to companies. The activation of retired executives' contacts, ideas and wisdom are crucial to the successful development of early-stage companies.
- Early capital is difficult to obtain but is the driver of a vibrant economy. A well developed pool of early-stage capital attracts entrepreneurs. A pipeline of well funded early stage companies attracts later stage funds. This is a continuum that Connecticut has to build because it has not developed of it own accord. It exists in Boston, Silicon Valley and New York.
 - Today's tough economic conditions make the role of early-stage investors even more important. It is harder and harder for a start-up venture to attract the investments needed to launch a company. Angel investors fill this crucial void and anything the state can do to incent them to invest their dollars in the Connecticut economy should be considered by this committee.

Early stage companies create jobs and wealth. In places where early stage companies are able to find capital the vitality of the local economy is undisputed. This includes places such as Palo Alto, Boston and Austin. Connecticut is not on this list today and it must be if it is to become a contender for the next generation of entrepreneurial companies.